

TARGETED ALLOWANCE TECHNIQUE

A NEW APPROACH TO ALLOWANCES

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TARGETED ALLOWANCE TECHNIQUE

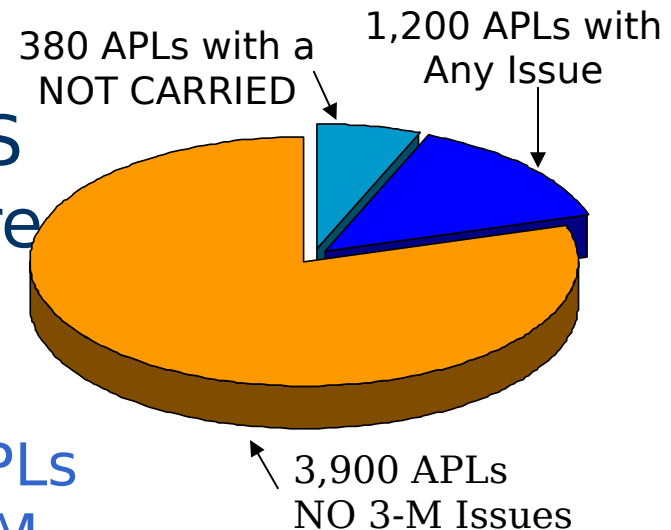
- ◆ DEFINITION & INGREDIENTS
- ◆ PHASES & DELIVERABLES
- ◆ PROTOTYPE SHIPS & RESULTS
- ◆ LIVE SHIP RESULTS & TAT SCHEDULE
- ◆ REFINEMENTS
- ◆ ADDITIONAL ANALYSIS
- ◆ SUMMARY

TARGETED ALLOWANCE TECHNIQUE

DEFINITION

- * Second component of CILS Initiative addresses a more ***selective*** allowancing technique

- ✓ Limits new allowances to APLs that have had not carried 3M usage
- ✓ Deletes/decreases for those APLs with no reported usage

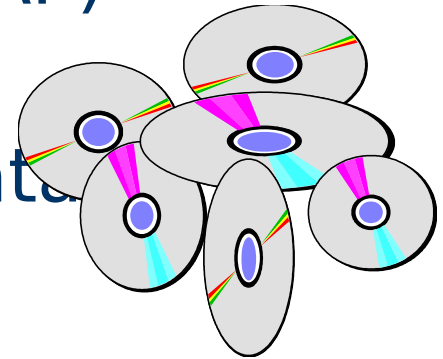


PACFLTIO DATA
based on DDs/CGs

TARGETED ALLOWANCE TECHNIQUE

◆ INGREDIENTS

- * Validated Configuration from CDMD-OA
- * Ship's SRF (SNAP I BMF)
- * Optimized Allowance (SNAP) Drawdown
- * Ship Unique 3M Usage Data
 - ✓ APLs with N/C Demand
 - ✓ APLs with No Demand



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◆ PHASES

- * Phase I...Adds/Increases for Equipment with Not Carried Usage
- * Phase II...Decreases for Inactive Equipment (No 3M Demand)
- * Phase III...Deletes for Non-Candidates & Inactive Equipment

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◆ DELIVERABLES

* SNAP I

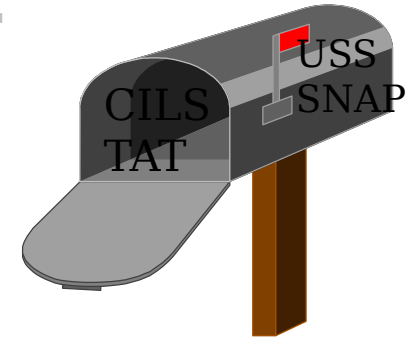
✓ Surface Ships

- Full Set of SNAP APL, COSAL & CILS TAT “E” Records
- SUADPS X05 Transactions (X05_ & X05D)

* SNAP II

✓ Full Set of APL, Selected COSAL & Alternate Cross Reference Number Records (for N/C APLs)

- Full Set of “C” & “F” Records to ILO for Ship Update A/R
- ✓ TAT SRF “E” Transactions & Associated NSN Cross Reference “G” Records



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◆ PROTOTYPE SHIPS

STHN	SHIP NAME	TYCOM
AO-186	USS PLATTE	LANT
CG-57	USS LAKE CHAMPLAIN	PAC
CG-58	USS PHILLIPPINE SEA	LANT
CV-63	USS KITTY HAWK	PAC
DD-983	USS JOHN RODGERS	LANT
DD-990	USS INGERSOLL	PAC
DDG-51	USS ARLEIGH BURKE	LANT
DDG-56	USS JOHN S MCCAIN	PAC
FFG-30	USS REID	PAC
FFG-36	USS UNDERWOOD	LANT
LPD-4	USS AUSTIN	LANT
LSD-44	USS GUNSTON HALL	LANT
LSD-49	USS HARPERS FERRY	PAC
SSN-717	USS OLYMPIA	PAC
SSN-767	USS HAMPTON	LANT

ORIGINAL FOUR SHIPS

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◆ RESULTS OF 15 SHIP PROTOTYPE

- * Line Item & Cost of New Allowances Reduced 47% & 50%, Respectively

✓ \$10M Savings Across Prototype

- * Line Item Deletes/Decreases Reduced 31%

✓ 81K vs. 117K

- * Gross Effectiveness Increased .9%

✓ 52.7% vs. 51.8%



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◆ LIVE SHIPS RESULTS

SHIPNAME	ADD/INCREASE LI/\$ VALUE (M)	DEL/DEC LINE ITEMS
USS JOHN YOUNG	915/.74	3137
USS REUBEN JAMES	904/.47	1497
USS TARA WA	854/.70	5726
USS PONCE	809/.79	1415
USS SEATTLE	797/.61	2347
USS BARRY	1233/1.01	2741
USS MOUNT WHITNEY	542/.32	3132
USS WHIDBEY ISLAND	1107/.77	2348
USS KEY WEST	331/.24	1691
USS GUNSTON HALL	1022/.55	1406
TOTAL CILS	8514/6.2	25440
TOTAL COSAL	15587/10.73	35532
DELTA	7073/4.53 (45%/42%)	11192 (31%)

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◆ TAT PROJECTED SCHEDULE

* 4-Month Schedule (May-August)

SHIP NAME	STHN	TYCOM	PROJECTED MAIL DATE
USS VALLEY FORGE	CG 50	PAC	15-May-99
USS RUSSELL	DDG 59	PAC	15-May-99
USS J ARRETT	FFG 33	PAC	15-May-99
USS UNDERWOOD	FFG 36	LANT	01-Jun-99
USS YORKTOWN	CG 48	LANT	01-Jun-99
USS COWPENS	CG 63	PAC	01-Jun-99
USS PORTLAND	LSD 37	LANT	01-Jul-99
USS LAJOLLA	SSN 701	PAC	01-Jul-99
USS MINNEAPOLIS ST PAUL	SSN 708	LANT	01-Jul-99
USS HYMAN G RICKOVER	SSN 709	LANT	01-Jul-99
USS CAMDEN	AOE 2	PAC	01-Aug-99
USS TAYLOR	FFG 50	LANT	01-Aug-99
USS CUSHING	DD 985	PAC	01-Aug-99
USS SAMUEL E MORISON	FFG 13	LANT	01-Aug-99

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TARGETED ALLOWANCE TECHNIQUE

◆ REFINEMENTS TO REDUCE COSTS

* Adds/Incs for Critical Items (IMEC 2-4)

- ✓ IMECS of Blank and 1 Removed

 - Eliminates a Total of 3482 Items @ \$2.6m

 - » Avg 232 @ \$173K

- ✓ Reduces Gross Eff. by 8.9% Per Ship

* Provide Range Adds Only

- ✓ Eliminates a Total of 3470 Items @ \$1M

 - ▯ Avg 231 @ \$66K

- ✓ Gross Eff. Declines .4% Per Ship



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◆ REFINEMENTS TO REDUCE COSTS (CONT'D)

- * Limit Adds/Incs to APLs with > 1 “Not Carried” 3M hit
 - ✓ 43% of G/J Issues APLs Have a Single Hit
 - ✓ Eliminates 936 Adds/Increases @ \$.063M
 - ✓ Gross Eff. Declines 3.7% Per Ship



TARGETED ALLOWANCE TECHNIQUE

◆ ADDITIONAL ANALYSIS

* Addbacks Analysis

✓ 1044 Average Total Addbacks

→ Average Allowance Adds

» 252 @ \$.35M

▢ Already in SRF

» 586 @ \$.62M

▢ Addbacks Not Included in TAT

» 206 @ \$.22M



TARGETED ALLOWANCE TECHNIQUE

- ◆ ADDITIONAL ANALYSIS (CONT'D)
 - * Carrier Variation
 - ✓ Considers Substituting Critical Equipments for Issue Data
 - * Limit Phase I Adds/Incrs to Critical G/J Equipment APLs
 - ✓ MCC
 - ✓ ESWBS



TARGETED ALLOWANCE TECHNIQUE

◆ SUMMARY

- * Reduces Churn Without Degrading Effectiveness
- * Viable & Cost Effective Alternative to Total Ship Re-COSALing
- * Refinements Not Cost Effective for Decline in G.E.
 - ✓ Pursuing New Variations
- * Potential Application to SNAP ASI Under Review